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m/049/021

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July 27, 2004

RECEIVED

AUG 30 2004

DIV OF OIL GAS & MINING

Via Certified Mail, Return Receipt Requested

Mr. Daniel L. Powell
967 South 680 West
Payson, Utah 84651

Emery Industrial Resources Incorporated
148 South 100 East
Spanish Fork, Utah 84660

Re: Notice of Default and Termination of Lease

Dear Mr. Powell:

This law firm represents E.J. Stokes, who is the Lessor under that certain Lease and Agreement dated June 26, 1992 (the "Lease") regarding the approximately 320 acres of property in Utah County, Utah.

As you know, the Lease provided for limestone mining activities on Mr. Stokes' property. The term of the Lease was from June 26, 1992, through June 26, 1996. The Lease states that following June 26, 1996, the Lease will continue "so long thereafter as Limestone is mined from the Leased Premises in commercial quantities."

It is evident that for a period of five (5) years beginning in early 1999 through early 2004, Limestone was not mined from the Leased Premises in commercial quantities. The fact that no royalty payments were made to Mr. Stokes from the beginning of 1999 through the end of 2003 establishes that no commercial mining activities were conducted during that period of time. As a result, pursuant to the express language of the Lease, the Lease has expired and terminated.

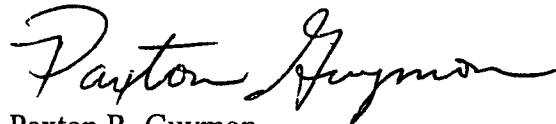
There have also been other matters which would provide a basis for terminating the Lease, including, without limitation, your failure to perform all reclamation and clean up, as required under Paragraph 14 of the Lease (see enclosed copy of Notice from the State of Utah to cease mining operations).

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If you desire to conduct further mining activities on Mr. Stokes' property, Mr. Stokes is willing to negotiate terms for a new mining lease agreement. If you are unwilling to enter into a new mining lease agreement, then you are hereby instructed to cease all mining activities on Mr. Stokes' property and to refrain from entering onto Mr. Stokes' property except to remove your equipment and satisfy your obligations to reclaim and clean up the property.

Sincerely yours,

MILLER MAGLEBY & GUYMON, P.C.

A handwritten signature in cursive script, reading "Paxton R. Guymon".

Paxton R. Guymon

Enclosure
cc: Mr. E.J. Stokes